

Legislative Fiscal Bureau

Fiscal Note

HF 2581 - Gambling Referendum (LSB 6852 HV)

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Fiscal Note Version - New

Description

House File 2581 provides that if the referendum to approve the continuation of gambling games at the horse racetrack enclosure at the 2002 general election is successful, and upon petition of the eligible voters in Polk County equal to at least 10.0% of the votes cast for governor in Polk County at the 2002 general election, the Polk County Board of Supervisors must call for a second vote on gambling options at the horse racetrack.

The gambling options are; slot machines only, pari-mutuel wagering only, or both. The gambling option receiving the highest number of votes must be implemented at the horse racetrack enclosure.

Assumptions

- The Bill will only have a fiscal impact if the first vote approves the continuation of gambling games at Prairie Meadows.
- Since the first vote approved the continuation of gambling games, the second vote will approve the continuation of gambling games at Prairie Meadows.
- A vote at the second referendum approving the continuation of both, slot machines and pari-mutuel wagering, will be no change from the current situation and, therefore, will have no fiscal impact.
- The second vote will not approve the continuation of pari-mutuel.
- The only horse racetrack enclosure is Prairie Meadows, located in Polk County.
- Section 99D.15(2), Code of Iowa, provides a 6.0% tax credit at the horse racetrack enclosure if gross wagered is under \$90.0 million.
- The horse racetrack enclosure does not pay the pari-mutuel tax due to the tax credit.
- Attendance at Prairie Meadows increases by approximately 2,000 people on racing days.
- There are 118 racing days.
- The per capita loss at Prairie Meadows' slot machines is \$55.00.
- The wagering tax rate on adjusted gross receipts over \$3.0 million is 32.0% and will increase 2.0% on January 1, 2003, and will increase to 36.0% on January 1, 2004.
- Fines at Prairie Meadows average \$21,000 per year and are deposited to the General Fund.
- Prairie Meadows pays approximately \$44,000 to the General Fund to cover Occupational License Fees each year.
- State gaming revenues in excess of \$145.0 million are deposited in the Rebuild Iowa Infrastructure Fund (RIIF) in FY 2002, \$155.0 million in FY 2003, and \$150.0 million in FY 2004.
- Daily License Fees are included in the calculation of the amount to be deposited in the RIIF, amounting to an estimated \$73,000 each year.
- The Iowa Racing and Gaming Commission incur approximately \$308,000 in non-reimbursed expenses each year to monitor Prairie Meadows.
- The Iowa Division of Criminal Investigation incurs approximately \$13,000 in non-reimbursed expenses each year to monitor Prairie Meadows.

- Horse racing would end July 1, 2004.

Fiscal Impact

The fiscal impact of HF 2581 would be a cost savings to the General Fund of approximately \$257,000 for FY 2004 and each year thereafter. This includes a decrease of approximately \$65,000 in revenue each year from the loss of fines and Occupational Licensing Fees, and a General Fund savings of approximately \$322,000 each year from not having to provide monitoring at Prairie Meadows by the Division of Criminal Investigation and the Iowa Racing and Gaming Commission.

The fiscal impact of HF 2581 on the Rebuild Iowa Infrastructure Fund (RIIF) would be a decrease in revenue of approximately \$4.6 million in FY 2004, and \$4.7 million in FY 2005 and each year thereafter. This includes a reduction in revenue to the RIIF of approximately \$73,000 in FY 2004, and each year thereafter, from the loss of the Daily Licensing Fees, and approximately \$4.5 million in FY 2004 and \$4.7 million in FY 2005 from the loss to the State from the Wagering Tax.

Sources

The Iowa Racing and Gaming Commission
Division of Criminal Investigation
Racing Association of Central Iowa

/s/ Dennis C Prouty

March 18, 2002

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
